

Acquisition Advisory Panel

Cross-Cutting Issues: Small Business Working Group Findings

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These slides contain preliminary working group findings for discussion purposes only. They have not approved by the Acquisition Advisory Panel

Small Business Working Group Panel Members

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- **Roger Waldron**
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Importance of Small Business to the U.S. Economy

- Represent 99.7% of all employers
- Employ about half of all private sector employees
- Pay 44.3% of the total U.S. private payroll
- Generated 60 to 80% of net new jobs annually
- Employ 39% of high tech workers (such as scientists, engineers, and computer workers)
- Produce 13 to 14 times more patents per employee than large firms

Congressional Mandate Governing Small Business Contracting

- Section 8(d) of the Small Business Act requires that small businesses have the “maximum practicable opportunity” to participate in Federal prime and subcontract awards

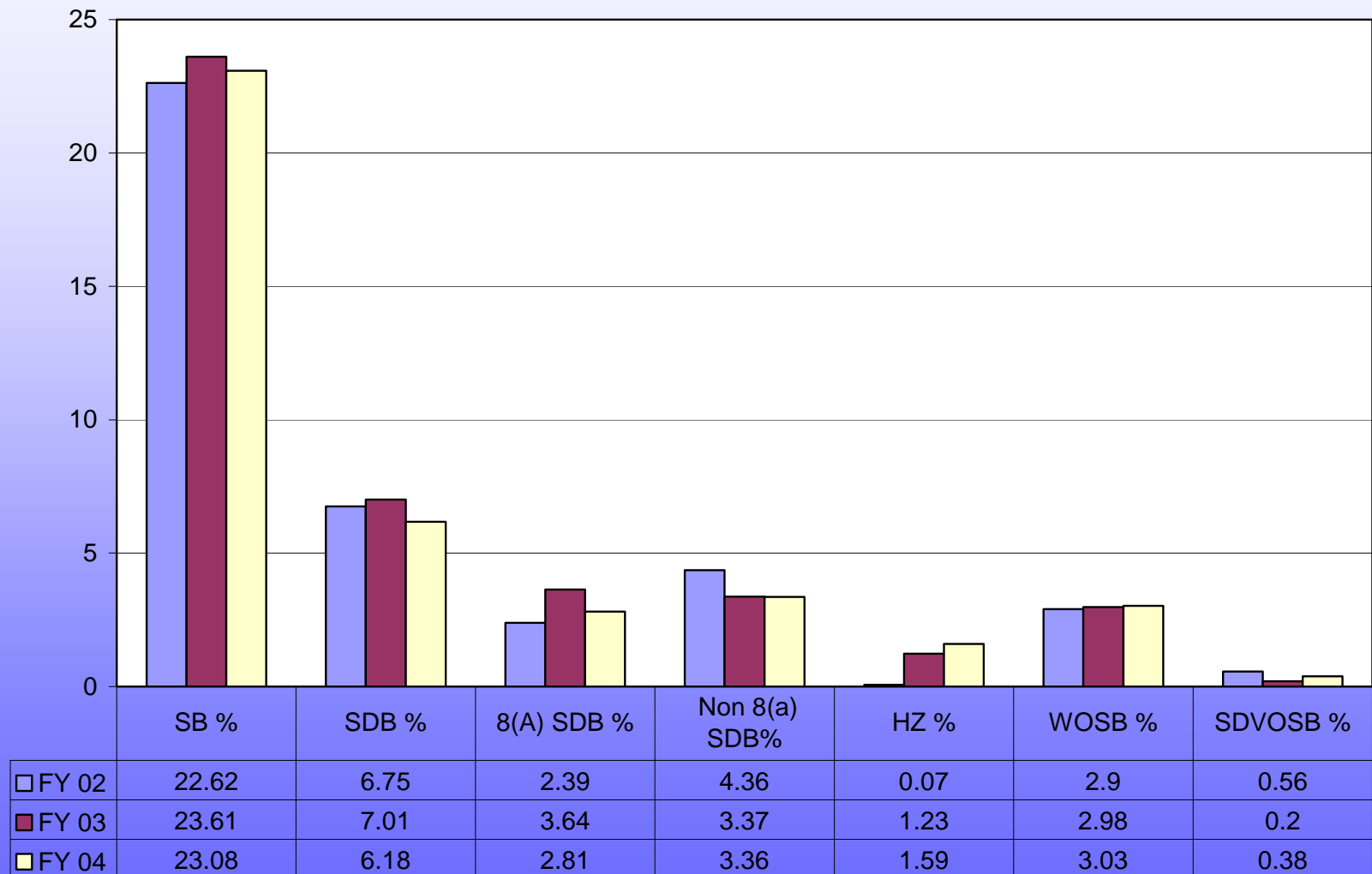
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Small Business Contracting Goals

- 23% - Small Business (SB)
- 5% - Small Disadvantaged Business (SDB)
- 5% - Women-Owned SB (WOSB)
- 3% - HUBZone Small Business Concern (HZ)
- 3 % - Service-Disabled Veteran-Owned SB (SDVOSB)

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Small Business Percent of Total Federal Prime Contracting Dollars (FY 2002-2004)



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Issues: Structuring Procurements to Afford Small Business Participation

- Adequacy of guidance in selecting among the myriad of small business contracting mechanisms
- Adequacy of guidance in defining requirements to facilitate small business contracting opportunities

Issues: Small Business Competition Under Multiple Award Contracts

- Adequacy of guidance in reserving prime contracts for small businesses in full and open multiple award procurements
- Adequacy of guidance in utilizing small business contracting methods when placing orders against multiple award contracts

Finding # 1: Structuring Acquisitions

- The current statutory requirement for establishing specific agency small business contracting goals is an effective means for agencies to monitor small business contracting and develop strategies to increase small business participation, provided that the goals are based on a realistic assessment of the agency's mission and procurement needs

Finding # 2: Structuring Acquisitions

- There is insufficient guidance on the order of precedence for selecting among the numerous socio-economic contracting mechanisms to fulfill procurement requirements and achieve small business goals

Finding # 3: Structuring Acquisitions

- Agencies are not effectively considering and assessing their small business goal achievements in developing acquisition strategies and utilizing small business contracting mechanisms

Finding # 4: Structuring Acquisitions

- Agencies need accurate, real-time FPDS-NG contracting data to effectively monitor and utilize small business goal achievements in developing acquisition strategies

Finding # 5: Structuring Acquisitions

- There is limited data on the impact of contracting bundling on small businesses

Finding # 6: Structuring Acquisitions

- Procurement officials often do not correctly apply and follow the governing contract bundling definition and requirements when planning acquisition strategies

Finding # 7: Structuring Acquisitions

- Agencies do not have clear guidelines or best practices for structuring acquisitions to mitigate the effects of contract bundling

Finding # 8: Structuring Acquisitions

- Agencies with strong leadership commitment to small business contracting are the most successful in achieving small business procurement goals

Finding # 9:

Competition Under Multiple Award Contracts

- The growing practice of reserving prime contracts for small businesses in full and open multiple award procurements has resulted in inconsistent applications of small business contracting requirements because there is no specific legal guidance for such reservations

Finding # 10:

Competition Under Multiple Award Contracts

- Reserving prime contract awards for small businesses in full and open multiple award procurements can be an effective tool to mitigate against the effects of contract bundling and facilitate small business goal achievements

Finding # 11:

Competition Under Multiple Award Contracts

- There is no explicit guidance for utilizing small business preference programs when placing orders against multiple award contracting vehicles

Finding # 12:

Competition for Multiple Award Contracts

- Agency flexibility in targeting small businesses on GSA's Federal Supply Schedule has afforded small businesses greater access to task order awards

Next Steps

- Complete draft of findings for Panel review
- Prepare specific recommendations for Panel consideration
- Post draft findings and recommendations on Panel's web site for public comment